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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/627,626	07/28/2003	Steven M.H. Wallman	10392/460043	4309

7590 07/09/2008  
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EXAMINER
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GREENE, DANIEL LAWSON

ART UNIT	PAPER NUMBER
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3694

MAIL DATE	DELIVERY MODE
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07/09/2008

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/627,626	<b>Applicant(s)</b> WALLMAN, STEVEN M.H.	
	<b>Examiner</b> DANIEL L. GREENE	<b>Art Unit</b> 3694	

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 27 March 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1 and 2 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1 and 2 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>11/14/2007</u> .  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 3/14/08 has been entered.

### ***Information Disclosure Statement***

2. The IDS received 11/14/2007 has been considered and is attached to the instant Office action. However, Cite #7 has NOT been considered because the IDS indicates there are 3-101 pages and currently the Examiner can only find 51 pages in the record. If applicant desires to have the reference considered, either the missing pages must be submitted, OR the IDS changes to reflect the actual pages submitted.

### ***Response to Arguments***

3. Applicant's arguments filed 3/14/2008 have been fully considered and are persuasive. Accordingly, the rejection set forth in section 6 of the previous Office action is hereby withdrawn. However upon further consideration, new grounds of rejection are set forth below.

4. Applicant's response to the double patenting rejection set forth in section 4 of the previous Office action mailed 9/27/2007, which in turn reflects back to sections 8 and 9 of the previous Office action mailed 2/7/2007 is acceptable, however the rejection is still pending and

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incorporated herein by reference until said terminal disclaimer is filed or some other appropriate action is taken.

***Double Patenting***

**5. Claims 1 and 2 are rejected for the reasons set forth in section 4 of the previous Office action mailed 9/27/2007 as explained in section 4 above.**

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**6. Claims 1 and 2 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.**

Claims 1 and 2 recite a series of steps and are considered for the purpose of analysis under 35 U.S.C. 101 as merely reciting a series of steps. The claims do not recite a “pre” or “post” computer activity but merely perform a series of steps of selecting, adjusting and transmitting a trading order that does not explicitly require a computer.

A process is statutory if it requires physical acts to be performed outside of the computer independent of and following the steps performed by a programmed computer, where those acts involve the manipulation of tangible physical objects and result in the object having a different physical attribute or structure (*Diamond v. Diehr*, 450 U.S. at 187, 209 USPQ at 8).

Further, the claims merely manipulate an abstract idea (selecting and adjusting) or perform a purely mathematical algorithm without limitation to any practical application.

A process which merely manipulates an abstract idea or performs a purely mathematical algorithm is non-statutory despite the fact that it might have some inherent usefulness (*Sakar*, 558 F.2d at 1335, 200 USPQ at 139).

Furthermore, in determining whether the claimed subject matter is statutory under 35 U.S.C. 101, a practical application test should be conducted to determine whether a “useful, concrete and tangible result” is accomplished. See *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1359-60, 50 USPQ2d 1447, 1452-53 (Fed. Cir. 1999); *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1600 (Fed. Cir. 1998).

An invention, which is eligible for patenting under 35 U.S.C. 101, is in the “useful arts” when it is a machine, manufacture, process or composition of matter, which produces a concrete, tangible, and useful result. The fundamental test for patent eligibility is thus to determine whether the claimed invention produces a “use, concrete and tangible result”. The test for practical application as applied by the examiner involves the determination of the following factors”

(a) “Useful” - The Supreme Court in *Diamond v. Diehr* requires that the examiner look at the claimed invention as a whole and compare any asserted utility with the claimed invention to determine whether the asserted utility is accomplished.

Applying utility case law the examiner will note that:

- i. the utility need not be expressly recited in the claims, rather it may be inferred.

ii. if the utility is not asserted in the written description, then it must be well established.

(b) “Tangible” - Applying *In re Warmerdam*, 33 F.3d 1354, 31 USPQ2d 1754

(Fed. Cir. 1994), the examiner will determine whether there is simply a mathematical construct claimed, such as a disembodied data structure and method of making it. If so, the claim involves no more than a manipulation of an abstract idea and therefore, is nonstatutory under 35 U.S.C. 101. In *Warmerdam* the abstract idea of a data structure became capable of producing a useful result when it was fixed in a tangible medium, which enabled its functionality to be realized.

(c) “Concrete” - Another consideration is whether the invention produces a “concrete” result. Usually, this question arises when a result cannot be assured.

The claims, as currently recited, appear to be directed to nothing more than a series of steps including selecting, adjusting and transmitting a trade order without any useful, concrete and tangible result and are therefore deemed to be non-statutory.

The claims must be drafted to ensure the use of a computer is undeniable in the process of the invention. To allow for the method to be performed without requiring a computer to do so, falls outside of the prerequisites of 35 U.S.C. 101. Currently, AT LEAST the claim limitation “selecting a portfolio of investments” does not require a computer. Further, claim 2 does not require a computer because a “processor” can be understood in the art to be any one or anything that “processes”.

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Although the claims are interpreted in light of the specification, limitations from the specification are NOT imported into the claims. The Examiner must give the claim language the broadest reasonable interpretation the claims allow.

See MPEP 2111.01, which states

While the claims of issued patents are interpreted in light of the specification, prosecution history, prior art and other claims, this is not the mode of claim interpretation to be applied during examination. During examination, the claims **must be interpreted as broadly as their terms reasonably allow**. In re American Academy of Science Tech Center, F.3d, 2004 WL 1067528 (Fed. Cir. May 13, 2004)

### ***Claim Rejections - 35 USC § 103***

**The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:**

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**7. Claims 1 and 2 are rejected under 35 U.S.C. 103(a) as being unpatentable over Maggioncalda et al. in view of either case law or Young ('409).**

Maggioncalda clearly discloses a computer method for creating a portfolio of investments comprising the steps of:

using a computer to select a portfolio of investments from a plurality of potential investment options;

adjusting a desired risk-return characteristic of said selected portfolio by adjusting a risk-return pointer using a graphical user interface device.

Maggioncalda does not appear to explicitly disclose transmitting **by the computer** a portfolio trading order including a plurality of trades one or more trades to implement an adjusted portfolio over a computer network (emphasis added). However the entire purpose of Maggioncalda is to provide the user with all of the information necessary to make trades to adjust their portfolios based on their risk preference. It is considered that the actual step of executing the trades to adjust the portfolio accordingly is the next “logical” step, regardless of how it is done or achieved. The mere automation of the process of performing a trade “via a computer”, vice some other form of communication for example, email, telephone calls, etc. is not considered a patentably unique feature as automation is an obvious thing to do for the conveniences automation provides. Resort may be had to case law in support of the Examiners contention.

**In re Venner**, 120 USPQ 192 (CCPA 1958), **In re Smith**, 73 USPQ 394

“If a new combination of old elements is to be patentable, the elements must cooperate in such manner as to produce a new, unobvious, and unexpected result. It must amount to an invention.”

**In re Venner**, 120 USPQ 192 (CCPA 1958) **In re Rundell**, 9 USPQ 220

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“It is not 'invention' to broadly provide a mechanical or automatic means to replace manual activity which has accomplished the same result “

If Applicant is of the opinion that it would not have been obvious to perform the next logical step of Maggioncalda using automation, then resort may be had to Young to show it is well known in the financial art to utilize computers to perform execution of trades.

At the time of the invention it would have been obvious to one of ordinary skill in the art to modify Maggioncalda with the teachings of Young to use the computer to effect the trades to balance a portfolio based upon a users risk preference for the benefit of minimizing transposition errors, ease of use, etc. as such is no more in the use of automation to replace actions previously performed by hand.

**Regarding claim 2** and the limitation determining automatically by a processor a weighting of a plurality of instruments in the portfolio to accommodate said adjusted risk-return characteristic see for example, Col. 9 lines 40-50.

### ***Conclusion***

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to DANIEL L. GREENE whose telephone number is (571)272-6876. The examiner can normally be reached on Mon-Thur.

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9. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.
10. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/D. L. G./  
Examiner, Art Unit 3694  
2008-07-06

/James P Trammell/  
Supervisory Patent Examiner, Art Unit 3694